

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

Extension of certain incentives under Industrial Development Policy 2015-20 to M/s. Jai Raj Ispat Limited to their proposed integrated steel plant with a capacity of 2.20 MTPA in 3 phases at Orvakal Mega Industrial Hub in Kurnool District- Orders- Issued.

INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G.O.Ms.No.126

Dated:04-10-2016.

Read the following:-

- (1) From the Managing Director, M/s. Jai Raj Ispat Limited, letter Dt: 18. 07.2016.
- (2) Empowered Committee of Secretaries Meeting held on 25.07.2016.
- (3) State Investment Promotion Board Meeting held on 29.07.2016.

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ORDER

In the letter 1st read above, M/s. Jai Raj Ispat Limited (JRIL) have informed that they proposed to establish an integrated steel plant with a capacity of 2.20 MTPA in 3 phases at Orvakal Mega Industrial Hub in Kurnool District of Andhra Pradesh. The Phase I of the project is at Rs 2,938 Crore, with direct employment of 1,060 and indirect employment of 4,940. All the three phases together is expected to create direct employment of 3,200 and indirect employment of 11,800. The Company requested for the following:

- (i) All incentives as per the Andhra Pradesh Industrial Development Policy 2015-20.
- (ii) Any incentives extended by Government of Andhra Pradesh/ Government of India from time to time.
- (iii) 100% waiver of Customs duty on import of Plant & Machinery.
- (iv) Income tax exemption for 5 years from the date of commencement of commercial production.
- (v) 50% concession of Central Excise Duty for a period of 7 years.
- (vi) Request for fixing of the land cost and waiving of processing fee for reservation of land to the extent of 600 acres required for Phase II. As the company is being allotted only 400 acres as per their immediate Phase I requirement, the company want the remaining land plot to be reserved for a maximum period of 8 years. APIIC has identified 1000 acres land & issued willingness letter dated 02.02.2015.
- (vii) Request for water at doorstep without minimum charges and security deposit. Water requirement of 0.50 TMCFT for the entire project and 0.15 TMCFT for Phase I.
- (viii) Additionally, the company requested that the CAPEX cost in proportion to industry should not be charged as APIIC will be lifting water from Muchumari in two phases to store it at the Orvakal Mega Industrial Hub. JRIL is willing to pay the operating expenses as fixed by the concerned department on unit basis. According to APIIC the cost of this project in Phase I for the entire OMIH will be around Rs. 286 crore.
- (ix) Reimbursement of 100% VAT/CST for a period of 7 years from the date of commencement of commercial production or up to the realization of 100% fixed capital investment, whichever is earlier. Request to extend this facility in the GST regime also.
- (x) Provision to be made for laying of railway siding for the second phase to be earmarked immediately and the cost of railway siding to be borne by GoAP and the project to be completed within reasonable time frame.
- (xi) Connection to NH18 through approach road requested. As this is a common facility to all industrial units at the Orvakal Mega Industrial Hub, JRIL requests not to be charged on pro-rata CAPEX cost. Estimated cost for approach road by APIIC is Rs. 7.50 crore.

(P.T.O)

- (xii) Provision of 220 KV/132 KV transmission line including bay extension at substation at the cost of GoAP. JRIL require the connectivity from either the Nannur substation or from Somayajulapalli switch station, both of which are 8 km from the proposed site. The power requirement of JRIL is 27 MW that is apart from their captive generation of 24 MW. Estimated Cost for power is at Rs. 8.00 crore.
 - (xiii) Fixed Power cost reimbursement @Rs. 1.50 per unit and 50% concession of Contracted Maximum Demand (CMD) for a period of five years from the date of commencement of commercial production.
 - (xiv) Conversion charges for land to be reimbursed to the extent of 100%
 - (xv) 50% subsidy for sustainable green measures on total fixed capital investment of the project (excluding cost of land, land development, preliminary and pre-operative expenses and consultancy fee) for waste water treatment, green buildings, use of renewable source of power, installing continuous emission monitoring system (CEMS) and adopting rain water harvesting limited to INR 50 crore.
2. In the reference 2nd read above, the Empowered Committee of Secretaries has discussed the proposal of M/s. Jai Raj Ispat Limited and has recommended the following incentives/benefits for the unit to the SIPB:
- (i) Reimbursement of 100 % NET VAT&CST for a period of (7) years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.
 - (ii) Reimbursement of one time land conversion cost from Agriculture to Industrial use.
 - (iii) External infrastructure cost as per the estimates indicated below or the actual, whichever is less
 - (a) 100% of the cost of approach road limited to Rs. 7.50 cr, as the approach road will open up the industrial area and will support the units setting up in the Industrial Hub.
 - (b) 75% of the cost of power connection line (Rs. 8.00 Cr.) limited to Rs 6.00 Crore.
 - (iv) With regard to water supply and railway siding, Government proposes to include the Orvakal Mega Industrial Hub as a Node in the Chennai-Bangalore Industrial Corridor (CBIC). Thus, the entire capex cost burden is not to be passed to the units in the Industrial Hub.
 - (v) 600 acres of land required for the 2nd and 3rd phase will be reserved for 5 years, subject to payment of requisite processing fee and cost as per APIIC land allotment policy.
 - (vi) 50% subsidy for sustainable green measures as specified in the IDP 2015-20 Policy with ceiling of INR 50 crore.
 - (vii) All other incentives as per IDP 2015-20 Policy.
3. In the reference 3rd read above, the State Investment Promotion Board (SIPB) has discussed the proposal of M/s. Jai Raj Ispat Limited in detail and decided to extend the following incentives:
- (i) To provide Government land for the 1st phase of the project in Orvakal Mega Industrial Hub in Kurnool District @ Rs.3.5 Lakhs per acre.
 - (ii) 600 acres of land required for the 2nd and 3rd phases will be reserved for 5 years, subject to payment of requisite processing fee and cost as per APIIC land allotment policy.
 - (iii) Reimbursement of 100 % net VAT&CST for a period of (7) years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.
 - (iv) Reimbursement of one time land conversion cost from Agriculture to Industrial use.
 - (v) APIIC has been advised to prepare master plan for development of Industrial hub in 9455.41 acres left with APIIC, after deducting the land required by Mines Department. It was also instructed to plan common infrastructure like roads, power supply, water supply from the nearby water resources, railway siding duly including the Orvakal Mega Industrial Hub as a Node in the Chennai-Bangalore Industrial Corridor (CBIC). Thus, the entire capex cost burden is not to be passed to the units in the Industrial Hub.

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- (vi) The Chairman informed that the proposed Hyderabad-Bangalore, Tirupati- Amaravati – Bellary Outer ring road will open up the area and Cities will be created around it. To fasten the development to meet the housing requirement of industries, it was suggested to workout townships and urban housing in designated areas.
- (vii) 50% subsidy for sustainable green measures as specified in the IDP 2015-20 Policy with ceiling of INR 50 crore.
- (viii) All other incentives as per IDP 2015-20 Policy.

4. Government after careful consideration of the recommendations of the State Investment Promotion Board, hereby extend the following incentives/benefits to M/s. Jai Raj Ispat Limited to their proposed integrated steel plant with a capacity of 2.20 MTPA in 3 phases at Orvakal Mega Industrial Hub in Kurnool District of Andhra Pradesh.

- (i) To provide Government land for the 1st phase of the project in Orvakal Mega Industrial Hub in Kurnool district @ Rs.3.5 Lakhs per acre.
- (ii) 600 acres of land required for the 2nd and 3rd phase will be reserved for 5 years, subject to payment of requisite processing fee and cost as per APIIC land allotment policy.
- (iii) Reimbursement of 100 % NET VAT&CST for a period of (7) years from the date of commencement of commercial production or upto realization of 100% fixed capital investment, whichever is earlier.
- (iv) Reimbursement of one time land conversion cost from Agriculture to Industrial use.
- (v) 50% subsidy for sustainable green measures as specified in the IDP 2015-20 Policy with ceiling of INR 50 crore.
- (vi) All other incentives as per IDP 2015-20 Policy.

5. The Vice Chairman and Managing Director, Andhra Pradesh Industrial Infrastructure Corporation is advised to prepare master plan for development of Industrial hub in 9455.41 acres left with APIIC, after deducting the land required by Mines Department. It is also instructed to plan common infrastructure like roads, power supply, water supply from the nearby water resources, railway siding duly including the Orvakal Mega Industrial Hub as a Node in the Chennai-Bangalore Industrial Corridor (CBIC). Thus, the entire capex cost burden is not to be passed to the units in the Industrial Hub.

6. The Transport Roads and & Building Department are requested to ensure that the proposed Hyderabad-Bangalore, Tirupati- Amaravati – Bellary Outer ring road will open up the area and Cities will be created around it.

7. The Municipal Administration & Urban Development Department are requested to take necessary steps to fasten the development to meet the housing requirement of industries, it was suggested to workout townships and urban housing in designated areas.

8. The Director of Industries, Andhra Pradesh, Hyderabad/ Vice Chairman and Managing Director, Andhra Pradesh Industrial Infrastructure Corporation, Vijayawada / Transport Roads and & Building Department/ Municipal Administration & Urban Development Department shall take necessary action, accordingly. The Director of Industries, Andhra Pradesh, Hyderabad shall intimate the status of the progress of work done by the unit from time to time to the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SOLOMON AROKIJARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Director of Industries, Andhra Pradesh, Hyderabad.
The Vice Chairman and Managing Director, Andhra Pradesh Industrial Infrastructure Corporation, Vijayawada.
M/s. Jai Raj Ispat Limited through the Director of Industries, Andhra Pradesh Hyderabad.

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The TR&B Department, AP Secretariat, Hyderabad.

The MA&UD Department, AP Secretariat, Hyderabad.

Copy to:

The Finance (FMU-Rev.IC)Dept.,

The Revenue (CT) Department.

The Revenue (Registration) Department.

The Law (H) Department.

The Accountant General, Andhra Pradesh, Hyderabad.

The Commissioner of Commercial Taxes, Hyderabad.

The Vice Chairman & Managing Director, APIIC, Hyderabad.

The Collector & District Magistrate, Kurnool District.

The General Manager, District Industries, Centre, Kurnool District.

The Zonal Manager, A.P.I.I.C., Kurnool District.

P.S. to Principal Secretary to Chief Minister.

P.S. to Chief Secretary to Government.

P.S. to Secretary to Government & CIP, Industries & Commerce Dept.

SC/SF.

//FORWARDED :: BY ORDER//

SECTION OFFICER